

SAINT KITTS AND NEVIS



FOREIGN RELATIONS: St. Kitts and Nevis maintains diplomatic relations with the United States, Canada, the United Kingdom, France, Russia, Taiwan, Cuba, and South Korea, as well as with many Latin American countries and neighboring Eastern Caribbean states. It is a member of the Commonwealth, the United Nations, the World Bank and the International Monetary Fund, the Organization of American States, the Organization of Eastern Caribbean States, the Eastern Caribbean Regional Security System (RSS), and the Caribbean Community and Common Market (CARICOM). The Eastern Caribbean Central Bank is headquartered in St. Kitts. St. Kitts and Nevis has chosen to recognize Taiwan instead of the People's Republic of China.

U.S.-ST. KITTS AND NEVIS RELATIONS: Since St. Kitts and Nevis attained full independence in 1983, relations with the United States have been friendly. The United States seeks to help St. Kitts and Nevis develop economically and to help strengthen its moderate, democratic, parliamentary form of government. St. Kitts and Nevis is a beneficiary of the U.S. Caribbean Basin Initiative. U.S. assistance is primarily channeled through multilateral agencies such as the World Bank and the Caribbean Development Bank (CDB), as well as the USAID office in Bridgetown, Barbados. In addition, St. Kitts and Nevis benefits from U.S. military exercises and humanitarian civic action construction projects.

St. Kitts and Nevis is strategically placed in the Leeward Islands, near maritime transport lanes of major importance to the United States. St. Kitts and Nevis' location close to Puerto Rico and the U.S. Virgin Islands makes the two-island federation attractive to narcotics traffickers. To counter this threat, the Government of St. Kitts and Nevis cooperates with the United States in the fight against illegal narcotics. In 1995, the government signed a maritime law enforcement treaty with the United States, later amended with an over flight/order-to-land amendment in 1996. St. Kitts and Nevis also signed an updated extradition treaty with the United States in 1996, and a mutual legal assistance treaty in 1997.

St. Kitts and Nevis is a popular American tourist destination. In the aftermath of September 11, 2001, tourism declined, but the islands have seen growing numbers of visitors in recent years. Fewer than 1,000 U.S. citizens reside on the island, although students and staff of Ross University Veterinary School and the Medical University of the Americas (Nevis) constitute a significant population of U.S. citizens.

The United States maintains no official presence in St. Kitts and Nevis. The Ambassador and Embassy officers are resident in Barbados and frequently travel to St. Kitts and Nevis. A U.S. consular agent residing in nearby Antigua, however, assists U.S. citizens in St. Kitts and Nevis.

GOVERNING JUSTLY AND DEMOCRATICALLY: As head of state, Queen Elizabeth II is represented in St. Kitts and Nevis by a governor general, who acts on the advice of the prime minister and the cabinet. The prime minister is the leader of the majority party of the House of Representatives, and the cabinet conducts affairs of state. St. Kitts and Nevis has a bicameral legislature: An 11-member Senate

appointed by the governor general (mainly on the advice of the prime minister and the leader of the opposition); and an 11-member popularly elected House of Representatives which has eight St. Kitts seats and three Nevis seats. The prime minister and the cabinet are responsible to the Parliament.

St. Kitts and Nevis has enjoyed a long history of free and fair elections, although the outcome of elections in 1993 was strongly protested by the opposition and the Eastern Caribbean Regional Security System (RSS) was briefly deployed to restore order. The elections in 1995 were contested by the two major parties, the ruling People's Action Movement (PAM) and the St. Kitts and Nevis Labour Party. Labour won seven of the 11 seats, with Dr. Denzil Douglas becoming prime minister. In the 2004 elections, Denzil Douglas and the Labour Party were returned to power, winning seven of the eight seats allotted to St. Kitts in the Parliament. The Nevis-based Concerned Citizens Movement (CCM) won two seats, the Nevis Reformation Party (NRP) won one seat, and the PAM party won one seat. The next elections are constitutionally due by March 2010.

The constitution gives Nevis considerable autonomy. Nevis has an island assembly, a premier, and a deputy governor general. Under certain specified conditions, it may secede from the federation. In accordance with its rights under the Constitution, in 1996 the Nevis Island Administration under the Concerned Citizens' Movement (CCM) of Premier Vance Amory initiated steps towards secession from the Federation, the most recent being a referendum in 1998 that failed to secure the required two-thirds majority for secession. In the July 10, 2006 Nevis elections for the Nevis Island Administration, the NRP won three of the five seats; the CCM won two. The NRP's Joseph Parry assumed the premiership of Nevis. While opposing secession, the government acknowledged the constitutional rights of Nevisians to determine their future independence. Constitutional safeguards include freedom of speech, press, worship, movement, and association. Like its neighbors in the English-speaking Caribbean, St. Kitts and Nevis has an excellent human rights record. Its judicial system is modeled on British practice and procedure and its jurisprudence on English common law.

ECONOMIC GROWTH: St. Kitts and Nevis was the last sugar monoculture in the Eastern Caribbean until the government decided to close the sugar industry in 2005, after decades of losses at the state-run sugar company. To compensate for the loss of the sugar industry, the Government of St. Kitts and Nevis has begun exploring alternative energy uses for sugar cane. The United States and Brazil have agreed to develop biofuels programs in the region.

The economy of St. Kitts and Nevis experienced strong growth for most of the 1990s, but hurricanes in 1998 and 1999 and the September 11, 2001 terrorist attacks hurt the tourism-dependent economy. Economic growth picked up in 2004, with a real GDP growth rate of 6.4%, followed by 4.1% growth in 2005. The GDP growth rate rose to 5.8% in 2006, mostly as a result of diversification into tourism and construction related to the Cricket World Cup. Tourism has shown the greatest growth and is now a major foreign exchange earner for St. Kitts and Nevis, as evidenced by an 83% increase in foreign direct investment in a range of tourism-related projects. Recent significant investment included a 648-room Marriott hotel and convention center that opened in December 2002, as well as 2007 plans for "Christophe Harbor," a U.S. investor-funded \$500 million resort project. The government instituted a program of investment incentives for businesses considering the possibility of locating in St. Kitts or

Nevis, encouraging domestic and foreign private investment. Government policies provide liberal tax holidays, duty-free import of equipment and materials, and subsidies for training provided to local personnel.

However, the debt of public enterprises has increased, and total public and publicly guaranteed debt reached \$290,740,000 in 2006. Consumer prices have risen marginally over the past few years. The rate of inflation, as measured by the change in the CPI, rose on average by 5.3% in 2006, compared with 3.6% in 2005 and 2.3% in 2004.

St. Kitts and Nevis is a member of the Eastern Caribbean Currency Union (ECCU). The Eastern Caribbean Central Bank (ECCB) issues the Eastern Caribbean dollar (EC\$) for all members of the ECCU. The ECCB also manages monetary policy, and regulates and supervises commercial banking activities in its member countries. The ECCB has kept the EC\$ pegged at EC\$2.7 to U.S. \$1.